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## OUR TARIFF RELATIONS WITH THE PHILIPPINES, ACTUAL AND DESIRABLE

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BY GENERAL CLARENCE R. EDWARDS, U. S. A.,  
Chief, Bureau of Insular Affairs, War Department.

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At present our tariff on imports from the Philippine Islands is governed by section 2 of the Act of March 8, 1902, entitled "An act temporarily to provide revenue for the Philippine Islands, and for other purposes." Briefly this provides that on all articles coming into the United States from the Philippine Archipelago the rates of duty shall be those paid on like articles imported from foreign countries, with the proviso that on such articles, the growth and product of the Philippine Archipelago, there shall be collected but 75 per centum of the aforesaid rates.

On articles imported into the Philippine Islands from the United States there is imposed the same rate of duty as upon the same articles from foreign countries.

Article 4 of the treaty of Paris, between the United States and Spain, provides that :

The United States will, for the term of ten years from the date of the exchange of the ratifications of the present treaty, admit Spanish ships and merchandise to the ports of the Philippine Islands on the same terms as ships and merchandise of the United States.

Ratifications were exchanged at Washington on April 11, 1899. Under the terms of this treaty Spanish goods were entitled to the same treatment on importation into the Philippine Islands as American goods, and for obvious reasons this same treatment was extended to the goods of all foreign countries. Thus the American exporter has received no preferential treatment in the Philippine market other than the very slight advantage which may have been given him by the description of articles under the various schedules of the Philippine tariff. Where articles could be so described as to benefit the American exporter it has been done.

Reverting to the 25 per cent reduction of duty granted to articles produced in the Philippine Islands, on importation into the

United States, it may be stated that this reduction has been of no advantage whatever in increasing our trade with the Philippine Islands. The principal articles exported from the Philippine Islands, with the exception of sugar and tobacco, are on the free list, and would, therefore, receive no advantage from this reduction. There is, because of non-use of the Philippine tobacco in the United States, no demand therefor, and the 25 per cent reduction has not been sufficient to warrant experiments as to its introduction. In the matter of sugar the 25 per cent reduction has likewise been insufficient to attract Philippine sugar in any material quantity to our markets. The amount heretofore imported, omitting speculative shipments during one year, is negligible. It may be added that the speculation was unfortunate.

Briefly, the tariff laws, both of the United States and the Philippine Islands, are such as not to specially encourage trade between the United States and its Far Eastern possessions. The Philippine Islands are to the American exporter a foreign market. He must compete therein on equal terms with the various European and Eastern exporters. On the other hand, the United States tariff is such as to offer no inducements to the Philippine producer.

With the exception of Manila hemp (abacá), which has been attracted to the United States in increasing quantities by legislation which provides for the return of the export duty, in the case of hemp coming directly from the Philippine Islands, for use and consumption in the United States,<sup>1</sup> we receive now no more of the products of the Philippine Islands than we did in 1902 on the establishment of civil government in those islands. On the other hand, we export to the Philippine Islands no more goods now than we did at that time.

On April 11, 1909, the ten-year period, during which we have granted to Spanish merchandise the same treatment in the Philippine Islands as extended to our own, will expire. This will remove one of the obstacles to such legislation as we deem wise in our efforts to create more favorable trade relations with our Eastern possessions.

That we can very materially increase our exports to those islands does not admit of question. Seven years ago legislation was enacted providing for the free admission of American goods into

<sup>1</sup>Paragraph 406, section 13, Act of March 3, 1905.

Porto Rico, and, reciprocally, providing for the free admission of Porto Rican goods into the United States. These provisions have resulted in increasing the external commerce of Porto Rico from \$18,000,000 to \$50,000,000 per year, and practically 90 per cent of its imports come from the United States.

During the same period the external commerce of the Philippine Islands has been practically at a standstill, and to-day less than 20 per cent of its imports come from the United States.

In so far as trade with our Far Eastern possessions is concerned, the effort to amend the United States and Philippine tariffs has in view two principal objects; the first, to make the Philippine Islands a part of the United States home market, and the second, by providing a better market for the raw products of the Philippine Islands, to increase the purchasing power of the islands, thus increasing to the United States exporter the value of the market.

Comparison with results obtained in Porto Rico leads to the conclusion that if American goods are admitted free of duty into the Philippine Islands, instead of furnishing 20 per cent of the goods imported into those islands, the United States will furnish more than 80 per cent, and if Philippine products are admitted free into the United States, the imports into the islands will be at least \$100,000,000 a year, instead of \$33,000,000, as at present.

Specifically, what is desired by those urging closer trade relations with the Philippine Islands is the free admission into the Philippine Islands of imports from the United States, and the free admission into the United States of all articles the growth and product of the Philippine Islands.

The objections to this, in addition to the one resulting from the treaty of Paris, referred to above, and which will be removed on April 11, 1909, have been: First, at the time of the enactment of the Philippine tariff the islands were without suitable laws governing internal taxes. The receipts of the custom house were absolutely essential to the maintenance of a government in the islands, and it was felt that the free admission of goods from the United States would reduce the customs receipts of the islands below the minimum demanded by the conditions then existing; second, the fear fostered by representatives of sugar and tobacco industries that the free admission of sugar and tobacco from the Philippine Islands would injure those industries in the United States. The claim was

not that the present production was sufficient to work injury, but that, under the stimulus of the United States market, the production would be greatly increased; third, the claim put forward by certain so-called "Anti-Imperialists" that closer trade relations with the Philippine Islands would render it more difficult to grant the political separation which they advocated.

These objections have briefly been met as follows: We have now in the Philippine Islands suitable laws governing internal taxation, and the income from that source is such that the government could be satisfactorily administered even with the loss which would result to the customs revenues from the admission free of duty of imports from the United States.

The second objection, while it is believed to be groundless, has been met by a proposition to limit the amount of sugar and tobacco which shall be admitted free of duty into the United States in any year to an amount which would notoriously not affect in any way those interests in the United States.

The third objection has never been urged by any considerable number, and has been satisfactorily met from the first by the simple fact that whatever may be our future political relations with the Philippine Islands, it is desirable that we should have and hold as large a share in the trade of those islands as possible. Nor is the arrangement which it is proposed to bring about one which we would not desire even though those islands were politically separate from the United States.

It does not require a very deep study of this subject to show that the proposed legislation is not wholly to the advantage of the Filipino. As a result thereof the United States adds to its home market 8,000,000 people, and by extending to these people a market in turn for their products—products which in large part compete with no article of American production—it but increases their purchasing power and makes the market acquired more valuable. The enactment of this legislation does not call for charity, but, as has well been said, for "enlightened selfishness."